

Call Participants

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Executive VP & CFO

William Robert Berkley
Executive Chairman of the Board

William Robert Berkley
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Robert Cox
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Ryan James Tunis
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Taylor Alexander Scott
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Tracy Benguigui
Wolfe Research, LLC

Wesley Collin Carmichael
Autonomous Research US LP

Presentation

Operator

Ladies and gentlemen, thank you for joining us, and welcome to the W.R. Berkley Corporation Third Quarter 2025 Earnings Call. This conference call is being recorded. [Operator Instructions]

The speakers' remarks may contain forward-looking statements. Some of the forward-looking statements can be identified by the use of forward-looking words, including, without limitation, believes, expects or estimates. We caution you that such forward-looking statements should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will, in fact, be achieved.

Please refer to our annual report on Form 10-K for the year ended December 31, 2024, and our other filings made with the SEC for a description of the business environment in which we operate and the important factors that may materially affect our results.

W.R. Berkley Corporation is not under any obligation and expressly disclaims any such obligation to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

I would now like to turn the call over to Mr. Rob Berkley. Please go ahead, sir.

William Robert Berkley
President, CEO & Director

Nicole, thank you very much. And let me echo your warm welcome to our Q3 call. So in addition to myself on this end of the phone, we also have Executive Chairman, William Berkley, as well as Chief Financial Officer, Rich Baio.

We're going to follow our typical agenda where momentarily, I'll be handing it over to Rich. He's going to run through some highlights of the quarter. I may follow with a couple of sound bites of my own, and then you will have the 3 of us to -- at your disposal to try and answer any questions or engage in any discussion that participants would like to engage in.

But before I hand it over to Rich, let me just as oftentimes I do state the obvious. And that is -- I think the past 90 days is just a continuation of clear evidence that the insurance industry is still a cyclical industry. And for whatever the reason may be, some would say, fear and greed. The industry continues to seemingly make an art out of self-sabotage when it comes to its own success.

That having been said, we, as an organization, are not completely insulated from that, but we are able to mitigate that quite effectively because of how we what parts of the market, I should say, we focus on, particularly specialty and further more small accounts, which a lot of the challenge that continues to percolate and seems to be building momentum, again, we are somewhat protected from.

So let me leave it there. I'm going to hand it over to Rich, who'll run through some thoughts, and then we'll -- I will come back and offer a few more mines. Rich, please?

Richard Mark Baio
Executive VP & CFO

Great. Thanks, Rob. Appreciate it. Good evening, everyone.

Third quarter results were excellent with a return on beginning of year equity of 24.3%, reflecting an increase over the prior year's quarter of almost 40% and net income, \$511 million or \$1.28 per share. Operating income increased 12% over the same period to \$440 million or \$1.10 per share, with a return on beginning of year equity of 21%. Further growth in underwriting and investment income drove the strong performance, combined with net investment gains.

Pretax quarterly underwriting income increased 8.2% to \$287 million. Calendar year combined ratio was 90.9%, and the current accident year combined ratio ex cat was 88.4%. Cat losses represented 2.5 loss ratio points or \$79 million compared with the prior year of 3.3 loss ratio points or \$98 million. Current accident year loss ratio ex cat for the current quarter was 59.9%, reflecting an increase over the prior year attributable to business mix, however, comparable to the second quarter of 2025.

Drilling down further, the Insurance segment's quarterly accident year loss ratio ex cat was relatively consistent with the first half of 2025 at 60.9% bringing the accident year combined ratio before cat to 89.3%. Reinsurance and monoline access segments, accident year loss ratio ex cat was 52.6% with a strong accident year combined ratio before cats of 82.4%.

Moving to our top line. Quarterly net premiums earned continue to benefit from written growth, reaching another record of more than \$3.2 billion. Gross and net premiums written were \$3.8 billion and \$3.2 billion, respectively. Net premiums written grew in all lines of business in both segments. The comparable third quarter expense ratios were 28.5%, in addition to benefits from the growing net premiums earned on our expense ratio several of our recent start-up operating units are gaining scale and contributing favorably to the expense ratio.

Technology enhancements are also contributing to operational efficiencies. Our pretax quarterly net investment income grew to \$351 million, driven by an increase in our core portfolio of 9.4%. As a reminder, 2024 did benefit from heightened Argentine inflation-linked income and excluding such income from both periods, would increase the core portfolio growth to 14.6% quarter-over-quarter.

Fixed maturity portfolio had a book yield of 4.8%. We do expect investment income from our fixed maturity portfolio to grow in the foreseeable future due to strong operating cash flow of almost \$2.6 billion on a year-to-date basis and new money rates comfortably above the roll-off of existing securities.

The duration of our fixed maturity portfolio, including cash and cash equivalents increased to 2.9 years in the third quarter while strengthening our AA- credit quality of our portfolio. Stockholders' equity reached a record of \$9.8 billion, increasing 16.7% from the beginning of the year, driven by strong earnings an improvement of \$428 million in our after-tax unrealized investment losses and currency translation losses as well as capital return of \$362 million through ordinary and special dividends and share repurchases.

As of September 30, our after-tax unrealized investment losses included in stockholder equity decreased to \$177 million, and our financial leverage has improved to historic low levels of 22.5%. We've continued to generate significant capital. Company proactively refinanced its debt when interest rates were historically low, resulting in a low cost of capital and adding permanence to our capital structure with our nearest scheduled maturity in 2037.

Our liquidity remains strong with almost \$2.4 billion of cash and cash equivalents to invest. Book value per share before dividends and share repurchases grew 20.7% year-to-date. And 5.8% on a quarter-to-date basis.

Rob, with that, I'll turn it back to you.

William Robert Berkley
President, CEO & Director

Okay. Rich, thank you very much. So maybe just a couple of quick soundbites for me that perhaps will invite a bit of conversation later on. Starting out with some observations regarding the market. The reinsurance marketplace, clearly, the property market, particularly property cat, that bloom is off the rose. From our perspective, there's still margin in the business. We'll see how long that lasts. It's without a doubt eroding. And to that end, you can feel the growing groundswell, but frankly, it's palpable around 1/1 and the appetite that's going to be coming from the reinsurance market. So we'll have to see what 1/1 holds.

As far as the liability side, again, from our perspective, and we've expressed this in the past, we've been a bit frustrated in the reinsurance marketplace, drawing a line in the sand and demonstrating some discipline, it would seem as though that reinsurers are dissatisfied with the underlying rate increases that their [cedents] are achieving from our perspective we think that there should be opportunity to push a little harder. That having been said, obviously, it endures to our benefit as a buyer of reinsurance.

Flipping over to the Insurance side, for the comment earlier, from our perspective, and again, using a very broad brush year, larger equals more competition, smaller equals less competition, which certainly bodes well for us. On the property front, highlighting that, clearly, the world of shared and layered, as we talked about, give or take, 90 days ago is where the competition is heating up the greatest. It is also pronounced just in E&S in general. That having been said, from our perspective, clearly, the small admitted space as well as select parts of the homeowners market continue to offer attractive opportunity.

Not different from what we've expressed in the past as well. The world of professional liability is very much a mixed bag. On one hand, you have D&O that continues to erode, although at a slower rate from where it had been and the E&O market, generally speaking, is choppy. One of the brighter places, and by the way, it needs every drop of it and then some would be the world of HPL as an example, or hospital professional.

As far as workers' compensation goes, Main Street comp from our perspective, consistent with what we shared with you in the past, tends to be particularly competitive. We have talked and talked and talked about California and certainly some of the challenges that market faces and happy to see the rate action coming through. A lot of that indigestion is being -- is coming about as a result of cumulative trauma and litigation stemming from that.

GL, it would seem, at least from our perspective, for the moment, one is able to keep up with trend. Auto has been on again and off again. I think it was the first quarter where we expressed a view that there were some green shoots. In the second quarter, it was a little less encouraging and quite frankly, it remains pretty choppy.

A bit of a puzzle to me, and I believe, colleagues because there is no product line that has been more exposed to social inflation in our opinion than auto, but we'll have to see what happens with that. As far as our portfolio goes, and we can get into it later, we are reducing exposure. We're taking a lot of rate. And quite frankly, our top line is growing considerably less than our rate.

Over to umbrella, again, not without its challenges for the marketplace. Clearly, the smaller end of town has been the better place to be. And in addition to that, the indigestion that the umbrella line has experienced disproportionately has been impacted by auto.

Rich covered our quarter in some detail. So maybe just a couple of quick observations on that front from me. Top line up 5.5 rate ex comp coming in at 7.6 different folks can interpret that in whatever the way they wish to. But from my perspective, it highlights the concept or the idea that this is an organization that is focused on rate adequacy. And to that end, we are very attuned to the fact that we are in business to make good risk-adjusted returns, not solely to issue insurance policies.

You would have seen some on the insurance front, growth in the short-tail lines, just to call a couple of pieces out, what's really driving that because you may be scratching your head saying, well, how do I reconcile this? What he was just babbling about? As far as the property line and competition. There's really 2 pieces that are driving that. One is our personal lines effort in Berkley One, that being the private client personal lines. Where there is great opportunity, and we continue to lean into that. And in addition to that, our accident and health business continues to prosper as well.

You would have also perhaps taken note of the growth in the workers' comp line. That not dissimilar to what we've talked about in the past is really driven by specialty comp. Some of it tends to be higher hazard and so on and so forth. It is not Main Street comp. The growth under the reinsurance banner, really, as far as the property piece goes, that's just us getting our last bite at the apple before the apple starts to rot. We have a view as to rate adequacy and we have no problem drawing a line in the sand as we have demonstrated in the past. And as far as the excess line with the growth is coming from is primarily excess comp.

Risk covers the loss ratio, the expense ratio. As far as the cat goes, that was really just SCS that gave us a little bit of noise there. The expenses, again, continue to be benefiting from our focus around automation, as Rich highlighted, but please understand we continue to make investments. So on occasion with the expense ratio, you will see us having to take half a step back in order to take multiple steps forward.

Flipping over to the investment portfolio. And again, I'm not going to completely pile on what Rich has already covered, but I would just flag that the duration did nudge out to 2.9 years. And we feel as though that we have a fair amount of runway before us. As Rich highlighted, the strength of the cash flow continues to build the size of the portfolio. And in addition to that, we see the book yield continuing to go up from here. So just as a point of reference, the domestic book yield at the -- for the quarter was 4.6%, and our new money rate is, give or take, right about 5%. So growth in the portfolio, higher new money equals runway ahead.

By and large, it was a pretty solid quarter. And it wasn't just because the wind didn't blow and the earth didn't shake in a consequential way. It's because this is the trajectory that we're on, and it would take a lot to take us off that path. So when the day is all done, the underwriting opportunity continues to unfold. The discipline remains in place to ensure that, that margin is there. And our other economic engine being the investment portfolio, again, has much opportunity ahead of itself. So let me pause there. Nicole, we are going to turn back to you, please, if we could open it up for questions. Thank you very much.

Question and Answer

Operator

[Operator Instructions]. Your first question comes from the line of Alex Scott with Barclays.

Taylor Alexander Scott

Barclays Bank PLC, Research Division

Think I got this unmuted correctly. So let me know if you can hear me, but.

William Robert Berkley

President, CEO & Director

Yes, we can hear you. We get stuff on mute at all the time. You're coming through a couple of times a day.

Taylor Alexander Scott

Barclays Bank PLC, Research Division

All right. I'll jump into it then. So I first wanted to ask you about how you're thinking about capital position of the company and just hearing a little bit more restraint in terms of what you're willing to grow into? But you're still getting some decent growth. What would your plans be for the additional capital flexibility that, that would give you? And what would the pecking order look like?

William Robert Berkley

President, CEO & Director

So a couple of comments. If you were to take the rating agents -- some of the rating agency models, I don't know if it's all of them, but certainly, several of them. And you ran us through their sausage maker, it would tell you that we have significant headroom to the tune of 10 digits as far as excess capital. So loads of flexibility there.

In addition to that, as you pointed out in your own words, we are generating capital more quickly than we are able to consume it. Obviously, as we've discussed in the past, we want to make sure we've got plenty of wiggle room that having been said, we're also equally conscious of the fact that the capital does not belong to us. It belongs to the shareholders. And to the extent that we are not able to utilize it effectively, we should be thinking about returning it to the shareholders. We have multiple tools to do that. And so we have not been shy about utilizing them.

Rich flagged the balance sheet, in particular, the capital structure. So not in a rush to do anything as far as the debt or related securities and that would really leave us with 2 options that being dividends and repurchase. And again, we are open and regularly thinking about that question.

So let me pause there. That was probably a lot of babble without specific answer that you're looking for, but I'm probably not going to be able to give you a specific answer. But this so happens that my boss is here, and he spends a lot of time thinking about capital and excess capital, particularly as our by a wide margin, largest shareholder.

William Robert Berkley

Executive Chairman of the Board

So we spent a lot of in thinking about it. There'll be opportune times buy back stock. We've been a very effective utilizer of that tool, and we've bought back a lot of stock over the years. But it's because we're not impatient, we wait the opportunity comes. We continue to do that.

In the meantime, we feel that special dividend is a way to let the shareholders know, we work for them. That opportunity to buy back shares can come at any time. We'll keep plenty of powder available so we can seize those opportunities. We don't think it's there right at the moment.

William Robert Berkley

President, CEO & Director

Got it. Thanks for the question, Alex. Nicole, was there another question out there?

Operator

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Your next question comes from the line of Tracy Benguigui with Wolfe Research.

William Robert Berkley
President, CEO & Director

Tracy, are you there?

Tracy Benguigui
Wolfe Research, LLC

Hello. Can you hear me now?

William Robert Berkley
President, CEO & Director

We can hear you now, Tracy. Sorry for the confusion with the new platform. Okay. I'm sure it was a brilliant question. I ask all my best ones when I'm stuck on mute, too.

Tracy Benguigui
Wolfe Research, LLC

That's okay. I want to go back to your comments about your excess capital position. It's my observation that this is an industry-wide phenomenon. Are you worried that the industry is sitting on too much capital and your competitors are so used to growth coming off a hard market, it's going to be hard for them to take their foot off the pedal. I'm just curious to your thoughts like what catalyst can you envision that could turn pricing around given the supply-demand equation?

William Robert Berkley
President, CEO & Director

Well, maybe a couple of comments there. So we took ex comp, and we back out comp because presumably, that's sort of keeping up through weight inflation. But we took 7.6 points of rate in the quarter. So as far as our ability to keep getting rate and keeping up with trend, we feel pretty good about that.

That having been said, as far as excess capital, some of our peers have a lot of excess capital, some of them don't. We're really just focused on what we're doing, and we're focused on our value proposition to the marketplace every day. And if at some point, it means that we have irrational competitors that drive parts of the market to unattractive places as we've demonstrated in the past, so be it will shrink the business.

As I, in a clumsy way, was trying to allude to in my comments earlier, given the breadth of our offering or how many different parts of the market we participate in and how the marketplace has decoupled as far as where product lines are in the cycle, that positions us as an organization to be more resilient when it comes to growth. But look, when the day is all done, people may become more aggressive. Seeing some version of the movie in the past, and you and others have seen how we respond. As I suggested earlier, we're focused on making good risk-adjusted returns. If we can't do it, so be it, we'll let the business shrink.

Tracy Benguigui
Wolfe Research, LLC

Got it. And I want to go back to your auto comments. Since your growth was flattish, can you just unpack how much exposure you're reducing balanced by the pricing you're seeing there?

William Robert Berkley
President, CEO & Director

I don't think we break out that detail. I will double check with Karen. And if we do provide that to the world, then I can assure you she will follow up with you tomorrow. But what I can say is I wouldn't have made the comment I made earlier, if it was just rounding. It's meaningful. And we're just seemingly, there are some market participants, particularly those with delegated authority that don't seem to get where loss costs are. But that end in tears eventually, and we will have an opportunity.

Operator

Your next question comes from the line of Elyse Greenspan with Wells Fargo.

Elyse Beth Greenspan

Wells Fargo Securities, LLC, Research Division

Okay. Perfect. My first question, I guess, is just on Mitsui Sumitomo. I know we have not seen a regulatory filing hit indicating that they've hit a 5%...

William Robert Berkley
President, CEO & Director

Yes. I noticed that too...

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

In the company. Do they have to file when they hit 5%? Is there any update? I know you guys are...

William Robert Berkley
President, CEO & Director

My understanding is yes. I am not an SEC attorney, so full disclosure. That having been said, my understanding is they get to 5%, they need to file and every X amount of shares that they buy beyond that, they will have to do follow-on filings. I do not believe there is any reason for them not to have to comply with what everyone else does.

But as we also mentioned in the past, in an effort to ensure that we are not handicapped in our ability to participate in the market, we have no information beyond what you have as far as where they stand in their process.

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

And then my second question, you guys saw kind of stable rate price in the quarter. Growth slowed, right, mostly due to commercial auto, a little bit of their liability. It feels like that's a trade-off, right, Rob, you guys are willing to make.

I know last quarter, you said we're kind of in this 8% to 10% growth world. This was a little bit lighter. So does it feel like we're in a little bit lighter growth world as you guys look to keep as much price in the portfolio as you can?

William Robert Berkley
President, CEO & Director

So from my perspective, the answers, Elyse, that we have major parts of the marketplace that are in some period of transition. Some are eroding and will likely erode further. Some are healthy and others are somewhere between the bookends, perhaps going through some stage of fits and starts in our opinion is you will likely see it needing to firm from here commercial auto being an example of that. It's these periods of time of transition, which makes it really, really hard to predict what the opportunity will be over the next 90 days.

So once upon a time, we tried to give guidance because we were trying to be helpful. I'm not sure if that proved to be the case or not, but that was the intent around what the growth opportunity is. I do believe that there's still opportunity for us to grow and grow at a healthy rate from here. But as you pointed out, thank you for flagging. We are not going to compromise our underwriting and particularly rate integrity in order to juice the top line. And that sort of highlights what we've talked about on occasion in the past. That's because we have a sense of ownership, obligation and responsibility to the capital we manage.

We get rewarded our colleagues throughout the organization get rewarded not this monetarily, but emotionally based on delivering good risk-adjusted returns coming out of the underwriting in part. As opposed to an MGU where you know what, it's just about how many widgets you can roll off the assembly line today.

Operator

Your next question comes from the line of Rob Cox with Goldman Sachs.

Robert Cox
Goldman Sachs Group, Inc., Research Division

For my first question, I just wanted to ask about the catastrophe losses in the insurance segment. It just looks like it was more in line with the average ratio -- cat loss ratio we've seen for the last couple of years, whereas some peers are reporting lower cats. I know you

called out SCS. But is there any particular geography or large loss to call out there? Or is this just a result of growth in short tail lines recently?

William Robert Berkley
President, CEO & Director

I would tell you that it's 2 things. One is a bit of frequency with very modest severity. And number two, as you pointed out -- look, we -- the property market, in particular, it's been a pretty good run. So we leaned into it because we like the risk-adjusted returns that were available. As a result of that, we got a little bit more exposure. But I would caution you not to read too deeply into it.

Robert Cox
Goldman Sachs Group, Inc., Research Division

Okay. Great. That makes sense. And just a follow-up on homeowners. It sounds like there's still some opportunity there. Can you talk about how Berkley One has performed compared to your expectations and where you're growing? Is it in states with more cat exposure, less cat exposure? Any context would help.

William Robert Berkley
President, CEO & Director

I think, Brian -- well, first off, I think Berkley One has proven to be a great success. It basically started -- not basically, it was started from scratch with a small team of people that made it happen. And today, it is comfortably more than a \$0.5 billion business and growing at a healthy pace.

No, we are not leaning into California or anything akin to that. I would tell you, we have a certain group of states that we're in, and we are just going deeper this is not just an idea to try and go into every last nook and cranny. We're going where our colleagues believe the opportunity is and where we feel as though we have a value proposition that we can deliver consistently day in and day out. But no, the growth there isn't because California became the flavor of the day for us. We do not participate in the California market.

Operator

Your next question comes from the line of Ryan Tunis with Cantor.

Ryan James Tunis
Cantor Fitzgerald & Co., Research Division

I guess just a question on the casualty side, just low single-digit growth in other liability. Less than I expect. I'm just curious, are you starting to see more competition in some of those lines? Or is there something else that's kind of causing that deceleration?

William Robert Berkley
President, CEO & Director

I think there's a couple of things. One, we have a view on rate. Is there a bit of competition? Yes, there's a bit of competition, but it's also how we're pivoting the portfolio at this moment in time.

Ryan James Tunis
Cantor Fitzgerald & Co., Research Division

Got it. And then I guess I was a little bit surprised that Berkley One and A&H, could move the needle that much in short tail lines. Could you just give us some idea? But then again, I don't know how big those lines are. So could you give us some idea of how much of that short tail lines line item is noncommercial property, if that makes sense?

William Robert Berkley
President, CEO & Director

I don't have a specific number here. So if it's okay with you, Ryan, let me ask Rich or Karen to follow up with you. But I don't have it at my fingertips, and I don't want to -- but it's consequential, obviously, hence, the comment earlier. Thanks for the question.

Operator

Your next question comes from the line of Brian Meredith with UBS.

Brian Robert Meredith

UBS Investment Bank, Research Division

Awesome. So 2 questions. First one, big picture. So -- and maybe this is kind of for you as well as the Chairman. I recall Bill saying that one of his biggest regrets from the last hard market was starting to pull back too early. When there was still a healthy margin in the business. Is that a debate that's going on right now? Kind of how are you thinking about that?

William Robert Berkley
President, CEO & Director

So Brian, it's funny. I recall that comment from the Chairman usually about 7:45 every morning, at least 5 days a week. So I'm going to yield the floor to him.

William Robert Berkley
Executive Chairman of the Board

So I think it's always -- if you look at your business and you say, our price is going to go down more there at the bottom, how much margin do you have? And where is the current accident you're going to come out because you've had a lot of years of substantial price increases. And as all of us know, -- this is a business where you don't know the ultimate margin for several years after you've written the business.

And in that case, it was 86%, give or take, we have much more margin than we were reporting. And we didn't realize it and we cut back too soon. So there are 2 pieces to this puzzle. Are you being pessimistic as to the margin you're presenting because you haven't appropriately reflected the price increases.

And then the second question is where prices change and what's happening with the loss ratio. And that is the issues you faced, and it was different in 1986 than it is today. There's more litigation. There are more lawyers who are incentivized, bringing about litigation, that's a tougher decision.

But I would say that you can still grow. There are still opportunities. You don't have to run away at this moment. But it will come at some point in time. We guess it's not here quite yet, but it is going to evolve to that point. It may be shorter duration because of all kinds of other things than last time because when those losses happen, it could happen all of a sudden.

William Robert Berkley
President, CEO & Director

Brian, thanks for the question and highlighting the genetic flaw that runs through the family. Did you have a second question?

Brian Robert Meredith
UBS Investment Bank, Research Division

Yes. My second question, Rob, I know you chat a little bit about the first quarter and you didn't see much on...

William Robert Berkley
President, CEO & Director

Brian, are you there?

Brian Robert Meredith
UBS Investment Bank, Research Division

Yes, I'm still here. Can you hear me?

William Robert Berkley
President, CEO & Director

Yes. Please go ahead.

Brian Robert Meredith
UBS Investment Bank, Research Division

Okay, good. Question on tariffs. Are you seeing anything yet in your loss picks?

William Robert Berkley
President, CEO & Director

We are preparing for it, but we're not seeing anything particularly consequential yet. But we are certainly preparing for it in all the product lines, as you'd expect, that are more exposed, highlighting, obviously, property and APD.

Operator

Your next question comes from the line of Andrew Kligerman with TD Cowen.

Andrew Scott Kligerman
TD Cowen, Research Division

Okay. First question is around loss development. It looks like really net nothing. But wondering if you could talk about if you had some releases in 1 area, some adverse in another area? Any color on that you could share would be appreciated.

William Robert Berkley
President, CEO & Director

It was basically incremental between the two segments. To your point, it was almost at push. And as you can appreciate, there's a lot of moving pieces that's where it ultimately ended up coming out to. But as far as additional detail, I don't know if we publish it, it will be in our Q, I guess, Andrew. So we don't have it all in front of us right now.

Andrew Scott Kligerman
TD Cowen, Research Division

Anything off top of mind in casualty that stuck out? Was there adverse there or...

William Robert Berkley
President, CEO & Director

I don't have the numbers in front of me. I think we're but as I suggested earlier, we're paying close attention to the auto liability line and we're mindful of what that could mean for the umbrella line.

Andrew Scott Kligerman
TD Cowen, Research Division

Got it. And then just, Rob, just your commentary throughout this call. I'm just trying to put numbers around it a little bit. First quarter market seemed very different, and you rightly thought you could grow double digit this year. Last quarter, you were thinking maybe 8 to 12. Should I be thinking we've kind of migrated more into the kind of mid-single-digit zone just given what you said about rates, et cetera?

William Robert Berkley
President, CEO & Director

It could very well be the case, Andrew. I think really what I was trying to articulate earlier is you got a lot of pieces of the broader marketplace that are in some kind of flux, and we are going to respond to that. So is it possible that next quarter, we could grow 4%? Yes. Is it possible next quarter, we could grow 10%? Yes, absolutely.

So I can't speak with the level of confidence I'd like to and perhaps you would like me to just because of my comment earlier about big chunks of the marketplace. Being in notable flux -- improving some eroding.

Andrew Scott Kligerman
TD Cowen, Research Division

That's very fair. If I could just sneak a quick one in. When you talk about Berkeley's business being at the small end of the spectrum type accounts. Any way to size that? I know you even brought a team in from -- I think they were at Hamilton or Kinsale in the small end. Like any way to size the small end of the spectrum at W.R. Berkley in the...

William Robert Berkley
President, CEO & Director

So obviously, some of the business we write -- one way to quantify it would be limits. As far as giving one, a sense of scale of accounts that you write, not the only one, but certainly one would be -- and if you look at the policies that we write, some of them like workers' comp, you have a statutory exposure, so you can't have a limit on it.

So if you take the stuff out of the pie, that has statutory limits like comp and you look at what does that leave you with as far as the limits profile. I was told by a colleague earlier today, that between 85% and 90% approximately of our policies have a limit of \$2.5 million or less. So I don't know, hopefully, that gives you some sense or direction.

Andrew Scott Kligerman
TD Cowen, Research Division

Definitely. Thanks a lot.

William Robert Berkley
President, CEO & Director

Thank you. Andrew, just one other comment. Even though it's smaller account size, it tends to be very specialized in nature. So I would encourage you not to confuse size with commodity.

Operator

Your next question comes from the line of Mark Hughes with Truist.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

A quick follow-up on the other liability. You said the -- you were pivoting the portfolio. I wonder if you could expand on that point? Is there something you're seeing in the loss development trends perhaps that makes you want to pivot around other liability?

William Robert Berkley
President, CEO & Director

There are countless different variables, and it could include just appetite based on the general exposure. It can be based on state and it certainly can be based on attachment point. So those would be a couple of examples or variables that can lead to the pivot.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

And I think you talked about how commercial auto was -- had been volatile lately. When you see this pivot, that's something that probably persists depending on which variables are driving it. Is it something that...

William Robert Berkley
President, CEO & Director

Yes. I would not read too deeply into 1 quarter, would be my comment. Thanks for the question.

Operator

Your next question comes from the line of David Motemaden with Evercore ISI. Please go ahead.

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

Okay. Great. Just had another follow-up just on the other liability line. You had mentioned there are some pockets of competition picking up there. I was wondering if you could elaborate. Is that more primary casualty? Is it more excess or umbrella E&S more large account admitted? Any order of color on that would be helpful.

William Robert Berkley
President, CEO & Director

There are certain exposures that we've examined and given how we see the legal environment, we've adjusted our appetite. And that comes through both in the exposure itself as well as, in some cases, how we think about attachment point and certainly how we think about jurisdiction of exposure.

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

Got it. Okay. So that sounds like across both primary GL and umbrella sounds like sort of a book wide comment. Is that correct?

William Robert Berkley
President, CEO & Director

Correct. And those changes are well underway. And I don't think that you should assume that this is necessarily a perfect indicator for what to expect going forward because a lot of that change has been affected.

David Kenneth Motemaden
Evercore ISI Institutional Equities, Research Division

Got it. Okay. That's helpful. And then maybe just on workers' comp, and you sort of mentioned it a little bit in your prepared remarks. But pretty good growth this quarter also this year to date as well.

Could you remind me how much of the book is that you guys would say specialty or high hazard versus how much of it is Main Street just so I can sort of think about the moving pieces underneath that 9% growth this quarter.

William Robert Berkley
President, CEO & Director

So what I'd like to do, if you don't mind, David, is, a, I got to make sure that, that's detail that we provide. And to the extent it is, if you don't mind, Karen, I will follow up with your first thing tomorrow. I just -- I don't want to inadvertently color outside the lines.

Operator

Your next question comes from the line of Michael Zaremski with BMO.

Michael David Zaremski
BMO Capital Markets Equity Research

My first question is broad, focusing on the E&S market specifically. At least the data points we see is the deceleration of the increased competitiveness and the growth in the E&S market, you mentioned it to in your prepared remarks, is coming more so from the pricing side of the growth equation, whereas policies in force are continuing to grow at a double-digit pace.

I'm just curious from your perspective, is that if to the extent pricing continues to moderate, should we would it be normal for the policy growth to also kind of start moving back into the primary market? Or are you seeing any trends there? Because it feels like the policy growth is really what's supporting ultimately a lot of the still healthy growth in D&S?

William Robert Berkley
President, CEO & Director

So a couple of things there. One, I think when we talk about E&S, one needs to draw the distinction between the property line and other, other being professional and certainly casualty. Long story short, a lot of the growth that we have seen over the past couple of years within E&S has been disproportionately driven by property. We've shared the observation in the past that when the property market gets hard, oftentimes, it tends to spike and then it comes back down at somewhat of a precipitous rate.

As opposed to the liability market when it starts to harden, it tends to oftentimes be a bit more of a gradual sense and it has more staying power. We, as an organization within the commercial lines, particularly specialty and more specifically, E&S. We are much more of a liability player than we are a property player. So did we cash a bit on the property wave? Yes. But that having been said, the lion's share of our E&S participation on a net basis happens to be the liability lines.

So when I think about this market unfolding, and I think we've expressed this view in the past, I think property has barring the unforeseen event, and it would have to be very unforeseen. I think the bloom is off the roads. I think you're seeing the retro market starting to erode that will waterfall down into the property cat market. And certainly, you're going to see that had continued pressure on E&S property.

We, as an organization, will be impacted by that, but it will be far less than our peers because of our weighting towards the liability line. I think social inflation continues to be an issue. And you are going to see the opportunity within the E&S space become more and more weighted towards the liability lines, particularly casualty, I think professional is a bit of a mixed bag.

Michael David Zaremski
BMO Capital Markets Equity Research

Okay. That's helpful. And my follow-up, Rob, is back to the earlier comments on the rating agency capital models and the their sausage maker throwing out perhaps a 10-digit excess capital number. So in my words, maybe we'll make it \$1 billion to buy that by our shareholders' equity. That's, whatever, 10%. Is that 10% a much higher level than historically? And do we care about the agency capital model to manage to different models.

William Robert Berkley
President, CEO & Director

The answer is we care about everything, but we don't run the business for the rating agencies. We are conscious of those data points. The math you did, I'm not going to comment on whether that's right or wrong. I just was trying to articulate the point that we have a lot of cushion, and we will figure out how to deal with the surplus and what we believe is the most sensible and economic way to return excess to the owners that it belongs to.

So I think if you look at our capital ratios over an extended period of time there is no moment in time that I recall that we, from a ratio perspective have had the amount of headroom that we have today.

Operator

Your next question comes from the line of Andrew Andersen with Jefferies.

Andrew E. Andersen
Jefferies LLC, Research Division

Just looking at the investment portfolio. I think I heard you say 4.6% on the domestic yield book, so maybe some pressure on the Argentina side. Maybe if you could just comment on the...

William Robert Berkley
President, CEO & Director

Argentina has come off a little bit from the peak. If you throw Argentina and there it brings up to 4.8%. What we were really trying to articulate is the lion's share of the portfolio is no surprise domestic, highly rated bonds, call it strong AA-. And again, the duration sitting at the 2.9. And really, again, the highlight that we were trying to flag was if you compare 4.6% to 5%, there's opportunity for improvement from here.

Andrew E. Andersen
Jefferies LLC, Research Division

Okay. Great. And then just looking at the expense ratio and then the corporate expense at the consolidated level, it seems like that numbers lower than what the year-to-date or the first half was. So I guess -- are we still pushing...

William Robert Berkley
President, CEO & Director

The expense ratio is what?

Andrew E. Andersen
Jefferies LLC, Research Division

I just look at the expense ratio and then looking at the corporate expense, and it looks like that's a little bit lower relative to where first half. So I guess are you pushing some expenses into the segment? And where are we with that?

William Robert Berkley
President, CEO & Director

Rich is just not paying on the holding company anymore.

Richard Mark Baio
Executive VP & CFO

It's a couple of things. It's one, as you pointed out, we have had some of our start-up operating units move out of our corporate expenses, they've got scale and move into the underwriting expenses.

And the second item is with regards to in the first half of the year. You might remember, we had also paid a special dividend and for accounting purposes, the vested but mandatorily deferred RSUs, the dividends on that wind up getting characterized as compensation expense. That's the driver.

William Robert Berkley
President, CEO & Director

As far as the first piece goes, those businesses that Rich referred to that once they get to a certain maturity, we move them out they are moved out, but they are dilutive to the expense ratio. So hopefully, they will continue to scale, and that will get some relief there.

Operator

Your next question comes from the line of Josh Shanker with Bank of America.

Joshua David Shanker
BofA Securities, Research Division

So as I'm listening to the 2Q conference call, commentaries from some brokers, from your peers, there was a commentary that the E&S property markets were very, very weak, and that contributed to the weakness. But that stay tuned for 3Q, which is a low property quarter, everything is rosy in the other lines of business, and so we won't see that same headwind.

And then when you began your prepared remarks with the word self-sabotage, I got very, very concerned...

William Robert Berkley
President, CEO & Director

Okay. Why did it upset you?

Joshua David Shanker
BofA Securities, Research Division

I mean the self-sabotage sounds like an extreme thing. I mean we're all guilty of it from time to time, but hopefully in modest amounts.

What is the takeaway, I guess, on pricing right now compared to 3 months ago? Is it along the same track? Or did you see a real step down, I guess, compared to 3 months ago.

William Robert Berkley
President, CEO & Director

Are we talking -- what part of the market are we talking about? I just want to make sure I'm following.

Joshua David Shanker
BofA Securities, Research Division

Book relative to the marketplace. When you read your book...

William Robert Berkley
President, CEO & Director

Our overall book, I think, was essentially flat. Obviously, there are a lot of moving pieces. But as far as the rate increase goes, I think we were at [7.6%] and we were, give or take, at a similar level last time. Did we get there exactly the same way? Absolutely not. But ultimately, I think that by and large, it's in a similar place. the parts of the market that at this moment in time are under the greatest pressure.

Again, in our mind, you're going to see it with property cat and that likely will not become particularly visible until 1/1. But in the meantime, you certainly are seeing it in E&S property. And that -- while we are not a big player in that space, we're certainly an observer and a modest participant. And that's how it looks to us.

But again, why is our rate where it is? Because we are a modest participant in the part of the market that's under the greatest pressure right now. It doesn't mean we're insulated completely, as suggested earlier, but we have, again, a pretty broad offering. And we only have a toe in that pool.

Joshua David Shanker
BofA Securities, Research Division

And there's different ways to compete for business. And in this environment, are you seeing carriers offer to increase commissions to distributors in order to get a larger share of their business.

William Robert Berkley
President, CEO & Director

I think that Chapter 2. We're still in Chapter 1. That's the long book. Thanks, Josh.

Operator

Your next question comes from the line of Meyer Shields with Keefe Bruyette.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

Great. So a couple of quick questions. One, going back to the pivoting comment. You mentioned the legal environment. Has your overall view of casualty loss trends changed over the past 3 to 6 months?

William Robert Berkley
President, CEO & Director

No.

Meyer Shields
Keefe, Bruyette, & Woods, Inc., Research Division

And then I know the numbers are small, but I'm looking at most interest rates sort of declining in the quarter and an extending duration. And I'm wondering what is it that you're seeing that makes now the right time for that duration extension?

William Robert Berkley
President, CEO & Director

Well, I think just to frame it, we went from 2.8 to 2.9 and there's a little bit of rounding in there. So I would encourage you not to read too deeply into it. Obviously, we try to be opportunistic at any moment in time as far as putting the money out that luxury of opportunism is not as comfortable as it was in the past. As short-term rates are coming down. So that will put more pressure on the organization to put might to work.

But again, going from 2.8 to 2.9, I would cost you not to read too deeply into it. Now I'd like to go back to the first question for a moment, if I may. So our general view around loss cost trend in the environment is consistent. But our view about particular niches within the marketplace, we are constantly examining and reexamining, and that can instruct our appetite at a more granular level. It's not all on or all off.

Operator

Comes from the line of Bob Jian Huang with Morgan Stanley.

Jian Huang
Morgan Stanley, Research Division

This is just more of a follow-up. Previously, you talked about that because the varying lines of business are decoupling from a pricing perspective, you can essentially turn on and turn off growth.

Can you maybe help us to understand how quickly you can turn that growth, say, the 4% or the 10% you're referring to earlier. Just maybe help us understand the mechanics that you visit just simply just saying, okay, we're going to stop doing business here. I'm trying to understand how you're thinking about growth and managing the ability to go in and out of the market?

William Robert Berkley
President, CEO & Director

I think ultimately, it's really just about market conditions, and we are consistently in the marketplace at a rate level with terms and conditions that we find to be appropriate. The market may move away from us or when we were talking about how we were pivoting some of the other liability.

It's not necessarily that we just washed our hands of it, but we have a view on rate. We have a view on attachment and we have a view on terms and conditions and perhaps the market doesn't find it palatable and perhaps the market can find someone else is willing to do it.

So again, it's not that we abandon a market is that our appetite and how we're willing to approach it can adjust based on the data and the information that we see and how we process that. So that's -- and our ability to do that, we can do it very quickly. You rely on our colleagues with the expertise and various niches to decide how and when to pivot.

Jian Huang

Morgan Stanley, Research Division

Okay. That's very helpful. Very last one. In terms of the market competition, you kind of talked about a decent amount of businesses in the smaller market side of it. Now if we do go into a more challenging macroeconomic environment, are you perhaps concerned about small and medium enterprise tend to be more exposed to macroeconomic conditions. So consequently, that could potentially play into your core market? Like just curious how you think about that?

William Robert Berkley

President, CEO & Director

So the answer is no, while we're conscious of it and certainly the health and well-being of our clients is a priority for us. If you use COVID as a data point, actually, we were able to navigate through that, and we're pleased with how our clients fared and our ability to continue to support them.

Operator

Your final question comes from the line of Wes Carmichael, with Autonomous Research.

Wesley Collin Carmichael

Autonomous Research US LP

Great. So just one question, but just coming back, Rob, to your comments around property and property cat reinsurance. You mentioned the routing of the apple or at least impending routing of the apple. I just wanted to get your view -- curious your view because it seems like there's a lot of rhetoric that property is still rate adequate, but do you think we're really there where things could start to turn at 1/1? Or is that going to take more time?

William Robert Berkley

President, CEO & Director

I think it depends on what the feeding frenzy is like at 1/1. Everyone needs to assess how much margin they think is in the business. Obviously, rates went up dramatically. Attachment points shifted significantly, so on and so forth. And while whatever 9 months ago, we saw a softening, and I think the expectation is given the performance, it's likely there will be further softening at 1/1 for this coming year. We'll have to see how aggressive the market is. I we have a view as to how much margin is in the business and where -- and at what point we shift our posture from an offensive one to a defensive one. But that's just the reality of a cyclical business.

Thank you for the question. Nicole, was there anyone else? Or have we covered it?

Operator

We've covered it. There are no further questions at this time. I will now turn the call back to Mr. Rob Berkley for closing remarks.

William Robert Berkley

President, CEO & Director

Okay. Nicole, thank you very much for your assistance and hosting. Thank you all to the participants for your interest in the organization. And hopefully, it's quite evident we had a very strong quarter. But equally, if not more importantly, the table is set for a good balance of the year, and in all likelihood a very strong 2026. So again, thank you for dialing in, and we look forward to speaking with you in about 90 days. Bye-bye.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.

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